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ABSTRACT

This paper begins by pointing out that privatization, or relying on the private sector to provide commercial goods and services for government departments and agencies, is a tool that has been used effectively by the federal government for several decades. It then presents the theoretical basis for privatization, describes a number of methods used to privatize government functions, and discusses governmental policy as articulated in the government commercial activities program (OMB Circular A-76) and in the federal information resources management program (OMB Circular A-130). It also provides examples of federal libraries, information centers, and information services that are completely or partially privatized, including the Scientific and Technical Information Facility of the National Aeronautics and Space Administration (NASA), the National Oceanic and Atmospheric Administration (NOAA), and the National Technical Information Service (NTIS). A discussion of the impact of this process on access to federal information concludes the paper. (RP)

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Does Privatization Affect Access to Government Information?

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Introduction

Privatization is not a new management strategy, but rather a tool that has been used by the Federal Government for decades. Since the Eisenhower Administration, the Government's policy has been to rely on private sector contractors to provide the goods and services executive departments and agencies need to act on the public's behalf. As early as 1955, this policy was expressed in temporary bulletins. It was made more permanent when the Office of Management and Budget (OMB) issued Circular A-76 in 1966 and reaffirmed in 1967 and 1979. The latest revision reiterates the Government's policy to rely on private enterprise to provide commercial goods and services rather than starting or carrying on any activity if the product or service can be procured more economically from the private sector.

But what is privatization? OMB, the agency which has the major role in implementing the Administration's privatization initiative, defined a number of methods of accomplishing this objective. According to OMB, privatization can take a variety of different forms:

- Giving an asset away.
- Terminating funding for an activity ((letting the market decide whether, and in what form, the activity will continue).
- Reducing barriers to competition through deregulation.
- Charging for a service.
- Issuing vouchers.
- Selling a productive asset.
- Contracting out.

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These last two methods usually come to mind most readily when privatization is mentioned. However, charging for a service is rapidly gaining ground, with many agencies collecting user fees for many products and services that were formerly free. Obviously some methods are more appropriate than others for any given product or service. There is general agreement, however, that inherently governmental functions do not lend themselves to privatization.

Unfortunately, the question of where government information fits in the spectrum of "inherently governmental" to "inherently commercial" has not yet been decided. Government information, by its very nature, belongs to the public as it has been paid for by tax-payer funds. Some feel that the role of the government as a provider of information is crucial to the well-being of our society because a democratic society does not long exist without allowing its citizens reasonable or even free access to governmentally developed information. Others believe that when the government disseminates information, which can be regarded as an economic good with intrinsic value, it has a chilling effect on private sector investment in the generation, collection and distribution of information.

This paper discusses the respective roles of the public and private sectors in disseminating government information. The first section summarizes an important study performed by the National Commission on Libraries and Information Sciences in which these issues were thoroughly explored. The second section describes U.S. Government information resource management policy as articulated in OMB Circular A-130. The next sections contain brief case studies of the methods used by various U.S. Government information disseminators to develop creative relationships with the private sector, relationships that promote access to government information. The paper ends with some general conclusions about how privatization can be used as a management tool.

Public/Private Roles in Information

During the last decade, we have come to recognize that information is a resource of immense economic and social value. Because the U.S Government is the largest producer of information in the world, the differences between its role and the role of private enterprise in collecting, processing and disseminating information has been the subject of a national debate. In 1979, the need to understand the nature of this conflict between the public and private sectors led the National Commission on Libraries and Information Sciences (NCLIS) to assemble an independent task force to examine the issues and provide suggestions for resolving them. Over a two year period, the task force reviewed the interactions between the public and private sectors, noting that each, to some extent, depends on the other, but also competes with the

other. In its final report the task force articulated some basic principles.

- The Federal government should encourage the private sector to develop and use information products and services.

- The Federal government should protect the private sector's opportunities to provide information products and services commercially.

- The Federal government should set pricing policies for distributing information products and services that reflect the true cost of access and/or reproduction.

The Task Force stated that information is vital to the proper functioning of a democratic society and a crucial tool in a productive economy and an effective government. Because information resources, products and services are vital components of our society, of our economic productivity, of our government operation, of our individual growth and being, Government policy should be designed to foster the development and use of information resources and to eliminate impediments to such development and use.

The Task Force recognized that to participate fully in our democratic society, citizens must be informed and aware, regardless of their individual ability to pay for needed information. Information needs that are not met by the marketplace must be met by the government. However, the Task Force also realized that our society is founded on the traditional view that individual freedom and initiative, expressed through competitive private enterprise, are the best means of supplying the products and services needed by society. The private sector, if not threatened by the anti-competitive effects of government in the marketplace, can widen the distribution of information from Government as well as from other sources. The Task Force made a valiant effort to strike a balance between the appropriate roles for each sector.

OMB Circular A-130

Many of the principles articulated in the NCLIS report found their way into OMB Circular A-130 which established policy for managing Federal information resources. This document sets forth the following basic assumptions:

- The Federal government is the largest single producer, consumer and disseminator of information in the United States.

- Government information is a valuable national resource.

- The free flow of information between the government and its citizens is essential to a democratic society.

- Because public disclosure of government information is essential to the operation of a democracy, the public's right to access to government information must be protected.

Against this background are other forces which must be balanced with the goal of ensuring access to government information. In addition to recognizing the critical role of information in our society, A-130 reiterates the Government's policy of relying on commercial sources for disseminating information as stipulated in OMB Circular A-76 by stating, "Agencies shall disseminate government information products and services in the manner most cost effective for the government, including placing maximum feasible reliance on the private sector for the dissemination of the products or services in accordance with OMB Circular A-76". However, the Circular places constraints on the Government in using the private sector to disseminate information. Agencies must ensure that members of the public which the agency has an obligation to reach have a reasonable ability to acquire the information. Agencies should tailor the dissemination methods so as to place the information into the hands of those whom the agency intends to receive it. Furthermore, when agencies use private sector contractors to accomplish dissemination, they must take care that they do not permit contractors to exercise monopolistic controls in ways that defeat the agencies' information dissemination obligations, for example, by setting unreasonable high prices. As you can see, the rules are not cut and dried, allowing many opportunities for exercising judgment.

OMB Circular No. A -130 makes a clear distinction between access and dissemination. The Circular defines "access to information" as the function of providing to members of the public, upon their request, the government information to which they are entitled under law. Access refers to those situation in which the government agency's role is passive: access is what the government's responsibilities are when the public comes to the government and asks for information the government has and the public is entitled to.

"Dissemination" in the Circular's usage, refers to the function of distributing government information. Dissemination refers to those situations in which the government provides the public with information without the public having to come and ask for it. In discussing the impact of privatization, we will explore these differences as exemplified by two different entities, the Federal library community which provides access to Federal information, and the Federal information service which actively disseminates information.

Federal Information Disseminators

NASA's Scientific and Technical Information Facility

From its inception in 1958, NASA's overall management strategy has been to rely on contractors whenever possible so as to reserve scarce civil service slots for its scientists and engineers engaged in research and development. Because of this philosophy, NASA's Scientific and Technical Information Facility (STIF) has been privately operated since its start in 1961. STIF is responsible for compiling and maintaining NASA's science and technology database, which contains approximately 2,500,000 references to significant documents related to aerospace from all over the world. Part of this collection is derived from a cooperative agreement between NASA and the American Institute of Aeronautics and Astronautics. This database is made available to NASA Centers, NASA contractors and grantees, other government agencies, and universities with aerospace programs. NASA also supplies NTIS and the Depository Library System with subsets of its collection.

The STIF contractor, with a staff of about 150 employees, and at a cost of approximately $5 million per year, performs all abstracting, indexing and database building, operates the RECON on-line retrieval system, and runs the microfilming and document delivery systems. A cadre of government employees in the Scientific and Technical Information (STI) Division are responsible for setting goals and objectives, formulating plans and strategies, managing the contract and administering NASA's information exchange program with foreign governments. Over the years the number of contract employees and civil servants have both been reduced sharply, due to automation and other productivity improvements, many related to periodic recompetition of the contract for STIF operation.

Over the past 25 years, NASA has worked with four different contractors. Although one would expect a certain amount of disruption to exist due to staff turnover, this has not been the case as a rule. For the most part, the contract employees have stayed fairly constant, with changes made only at management levels. In addition, the system has remained stable with improvements occurring in an evolutionary manner. Furthermore, according to the chief of the STI Division, each new contract has generally resulted in lower costs due to the pressures of the competitive procurement process.

The STI Division credits the success of its information dissemination program to the nature of the contract it has developed. NASA splits the fees it pays the contractor between a constant base amount and a variable award fee. NASA employees analyze monthly reports and other information to determine how successful the contractor has been in

meeting stringent performance requirements. Every quarter, the award fee is computed based on these monthly evaluations.

NASA has found that this form of privatization has both pluses and minuses. On the positive side, staffing flexibility has substantially increased. Depending on workload, the number of contract employees can grow or shrink without the bureaucratic problems that would occur with government employees. Furthermore, the requirement to recompete the contract every five years helps to keep costs down. On the negative side, a substantial number of civil servants are needed to monitor the award fee process properly. In addition, the costs related to contracting, contract management, and recompeting the contract are sizeable. However, in the long run, according to the director of the STI Division, the savings exceed the additional costs.

The big question is what impact has privatization had on access and availability of government information. NASA believes that contracting out has not made any difference because government employees have been responsible for all planning, policy-making and contract management.

National Oceanic and Atmospheric Administration (NOAA)

NOAA has adopted a slightly different privatization method. NOAA conducts research and gathers data about the oceans, atmosphere, space, and sun and applies this knowledge to products and services that touch the lives of all Americans. As part of its mission, NOAA collects, manages and disseminates environmental data and information. A significant part of the audience for this information is private companies who add value to the basic NOAA products and resell them.

About 18 months ago, NOAA underwent an internal reorganization which resulted in the formation of the Office of Reference Services, an organization that acts as a major access point for referrals to NOAA publications and services, rather than as an active disseminator of NOAA information. The Office is currently preparing a product information catalog containing a brief description of all NOAA's products and services together with ordering information. This catalog will provide the private sector with a window into NOAA's data. For example, as part of its mission, NOAA collects data on meteorological occurrences. Private sector firms acquire and analyze this raw data and sell value-added products to TV weather services. By encouraging the private sector to fill the role of retailer, with the agency acting as a warehouse or wholesaler, NOAA believes that it achieves the broadest dissemination of its information to the ultimate benefit of the public.

National Technical Information Service (NTIS)

Many of the government's major information disseminators are already privatized to a large degree. As we have seen, NASA's STIF uses contracting out as its privatization method; NOAA allows the marketplace to decide whether and in what form its data will be disseminated; NTIS charges fees for its products and services. Since 1950 NTIS and its predecessor organizations have operated under the authority of Title 15 USC (1151-1157) which requires that NTIS offer its products and services for sale on a self-supporting basis. Accordingly, NTIS recovers virtually all of its operating costs from sales revenue.

In addition to acting as a clearinghouse for the Government's scientific and technical information, NTIS's mission requires the agency to disseminate this material to government, industry, academia and the public. Throughout its history, NTIS has pursued many opportunities for cooperating with the private sector to achieve this goal. These efforts have resulted in increased dissemination of the valuable research and development performed by the government and has improved the technology transfer process.

The Information Industry Association, in a 1986 letter to NTIS, praised the existing system of collecting and organizing Federally-funded scientific and technical information, a system that allows the private sector to remarket this information by developing value-added products and services. Dialog Information Services, a major remarketer of the NTIS bibliographic database, also noted that the current system allows private industry in a competitive environment to acquire NTIS databases and add value to them, thus serving the special needs of the information consumer and benefitting the public in many ways.

NTIS's decision to lease its automated bibliographic database to information vendors constitutes an early example of government reliance on the private sector to provide service of a commercial nature. In 1972, NTIS awarded a competitive contract to Lockheed Missile and Space Company, Inc. (now called DIALOG Information Services) to mount and provide online public access to NTIS' database. Four major commercial information processing services in the United States now lease the NTIS database, which provides them with approximately $5 million in revenue and provides the public with multiple points of access to a valuable Government information resource. By encouraging private industry to add value to the Government's information product, NTIS has enabled its database to become the seventh most widely-used in the world as measured in connect hours.

The latest NTIS endeavor involves CD-ROM technology. NTIS has entered into non-exclusive agreements with three CD-ROM publishers who will provide the NTIS bibliographic database to the public in this new format. Each publisher has the right to select those parts of the database it believes are most marketable and offer it for sale to users. In addition to the NTIS database, we have also signed agreements with CD-ROM publishers for the AGRICOLA and NIOSHTIC databases. Since this technology holds great promise of providing an inexpensive means of disseminating information, NTIS is enthusiastic about its use.

Federal Libraries

In 1983 and 1984, OMB stated that Federal libraries could be considered commercial activities for purposes of A-76 reviews. The House Subcommittee on Human Resources of the Committee on Post Office and Civil Service, therefore, included libraries in its 1985 hearings on A-76. The Committee wanted to make sure that any such contracts were cost effective and did not endanger agencies' missions or their services to the public. The American Library Association (ALA) testified that the current practice of contracting out the entire libraries of Federal agencies is based on a fundamentally flawed understanding of the functions performed by libraries. According to ALA, Federal libraries are integral components of the agencies they serve. The Special Libraries Association stated that contracting out entire library operations is not practiced in the private or non-profit sectors because of the importance placed upon properly aligning information services within the organization to ensure smooth and effective decision making.

Federal libraries provide information products and services not only to managers and decision makers in their own agencies, but also to staff of other Government agencies, private sector organizations, and members of the general public. Donald W. King, in testimony before the subcommittee, defined the role of the Federal library more precisely. As special libraries, their mission is to develop collections that serve the unique research needs of their clientele. In addition to providing access to externally published literature such as journal articles, technical reports and books, these libraries also store and provide access to agency records, internal technical reports, memoranda, and computer tapes. The professional staffs supply a variety of services such as performing research in the form of bibliographic and numeric database searches, summary analyses, translation of materials, and special analyses in the areas of interest to patrons. Libraries may also provide access to integrated research files and databases, internal organizational reports, data tabulations, management information and materials property data.

Agency researchers and decision-makers may suffer when a contractor has no organizational identity, lacks knowledge of the disciplines of the users served, and doesn't understand the information requirements of the various projects and key personnel. This could lead to a negative impact on productivity but people outside the agency would be unaware of any difference. However, Federal libraries have traditionally had a much larger clientele than their agencies. For example, many government libraries are depository libraries, offering public access to a wide range of government publications issued by GPO and NTIS. Others, such as the NBS Research Information Center (RIC), which maintains all NBS publications, are used extensively by outside firms. Because of the high volume of public use, the RIC requires libraries within a 25 mile radius to send representatives to NBS when they need to use RIC resources. The representatives search, pull and photocopy the materials needed.

Many Federal libraries contract out for certain services as evidenced by the 202 A-76 library actions published in the Commerce Business Daily and Federal Register between 1983 and 1985. These actions have ranged from tasks such as reshelving and checking out material to activities such as database searching and bibliographic compilation or managing the entire facility.

Although there have been many successes, some government agencies have experienced a decline in the quality of the information services provided to users as well as higher costs when their library functions were contracted out. One library which contracted out its interlibrary loan and cataloging operations, found, after three years of frequent contractor personnel changes, that the contractor used many more staff than the government had employed previously. Furthermore, the contract staff never equalled the rate of work that had been handled by the smaller government staff. Another government library reported a 10 to 20% increase in the number of calls it received from personnel at agencies whose libraries were converted to contractor operation because the various contractors had used staff with less education and training. When complaints of this kind surface, the contractor may add experienced staff to handle the workload, raising questions of the cost-effectiveness of the contract.

Conclusions

Although privatization, in and of itself, is a neutral institution, it has the ability to arouse passion in both adherents and opponents. However, if you view privatization objectively, you may see that it is more likely to be successful when:

- Overall control remains with the agency. Professional staff determines goals and objectives and formulates specific plans and strategies.

- Professional staff determines which tasks should be done by the contractor, and develops performance objectives and measurement criteria.

- Professional staff specifies contract provisions, selects the contractor on a basis other than cost, monitors and evaluates performance, and rewards or punishes accordingly.

As we get more experience, we will undoubtedly learn which information functions are best suited to contracting out and which should be handled by the in-house professional staff. At this time, we can only conclude that privatization, like all management tools, can be extremely effective when it is used appropriately, and a disappointment when it is applied as a panacea to all management problems.